## **Insure Montana Advisory Council**

**DRAFT** Meeting Minutes

March 9, 2010

**Members Present**: Todd Lovshin (rep. Ron Dewsnup), Senator Ryan Zinke, Representative Gary MacLaren, Ginger Lindsey (rep. Frank Cote), Daren Engellant

CSI Staff Present: Carol Roy, Ginny Summey, Jill Sark

Public/Guests Present: None

**Next meeting:** TBA

# I. Prior Meeting Minutes

Council members did not have any changes to the previous meeting minutes. Representative MacLaren moved that the council accept the minutes as approved. Carol Roy seconded and the motion was passed. Jill will have the minutes posted to the Insure Montana web page.

## II. Discussion

Jill explained that the agenda for the meeting would be an exercise in listing the pros and cons for three ideas: Insure Montana Unchanged; Insure Montana Self-Funded; and, Insure Montana No Purchasing Pool.

It was clarified that the exercise is regarding the purchasing pool only.

The purpose of the purchasing pool program was also clarified by the program's mission statement: *Increase the well-being of all Montanans by enabling access to comprehensive healthcare for the members of the small business workforce and their families*.

'Comprehensive healthcare' was defined as healthcare that is considered creditable coverage.

The following pros and cons were recorded:

#### **Insure Montana Unchanged**

## Pros

- Plans are understandable
- Procedures are in place
- Things are working well
- Employees are taking better care of their health—preventative care for low income
- Business climate up in the air right now
- Limited carrier selection—control risk better, less adverse selection
- Change for current members—especially in current political climate

#### Cons

Too many options—level of benefits

- Rich in comparison to other plans—could cover more lives with less benefits
- Benefit options are too limited
- First come, first served
- Can businesses still provide insurance without subsidy?
- Limited carrier selection
- Only BCBS of MT agents market program
- Exposure to large rate increase

## **Insure Montana Self-Funded**

#### Pros

- Pool takes over management of their risk
- Plan designs created by pool—select plans that pool needs
- Fixed costs may be lower (admin costs, etc.)
- Not concerned about profit margins
- Multiple TPA's
- Carve-out add on's
- Could have positive claims and more funds

#### Cons

- Shifting of risk to individuals
- Regulation (reserve requirements, reporting, mandate coverage)
- Legislative changes needed—not an option under IM code
- Setting premiums
- Shared admin—significant lead time needed for IM committee
- Hard to report claims
- Difficult to obtain Board members
- Could have negative claims and less funds
- Small businesses more volatile to insure—hard to keep insured, cost sensitive
- No "glue" except need for insurance—no common type of business
- Need initial reserve funds

# **Insure Montana as Subsidy Program Only**

## Pros

- Business can go to any carrier that offers them a good product
- Plan and benefit choice goes up
- Board could focus on spreading funds more evenly
- Could be an exchange with competitive plans/carriers
- Limits exposure to poor claims
- Give MT and CSI experience if federal legislation passes
- Spread risk among carriers
- Board doesn't have to make decisions based on claims
- Simple RFP

#### Cons

- No incentive for employees—just to employer
- Risk—how each small business would be rated (adverse selection)
- No decisions based on claims
- Board doesn't know what's going on with claims
- Limited amount of funds
- More admin and complexities
- How does Board determine how much subsidy to give out?

- Vetting carriers and options might get political
- Don't know what's going to happen in D.C.
- Board needs true understanding of insurance—Board turnover

There was discussion on the sustainability of the program's funding. It was noted that the original funding was appropriated through the cigarette tax through 2011. The new funding was also appropriated through the cigarette tax and was one time only funding. Senator Zinke is concerned that the cigarette tax will eventually be depleted due to decreasing cigarette sales. Jill mentioned that she recently read an article citing a report from the Centers for Disease Control (CDC) that indicates there has been virtually no change in the percent of adult smokers nationally from 2004 to 2008. The national percent of smokers in 2008 was 20.6%. Montana's percent of smokers is 18.5%. Jill will send an electronic copy of the article to the members.

Senator Zinke said that any new funding would be problematic. He stated that the program should concentrate on spending appropriately and there should be transparency. He originally understood that the program was more of a "hand up rather than a hand out" and he thought there would be time limitations for participation in the subsidy program. Carol Roy stated that if the subsidy ended some businesses and/or employees may drop the insurance which could be detrimental, especially if a participating employee was currently in the midst of a medical procedure such as cancer treatment.

Todd Lovshin said that he feels there will be no change to current legislation if the program was changed to a subsidy-only program. He said this option would allow businesses the opportunity to choose a plan/carrier.

## III. Conclusion

The members agreed that the best option is for the program to remain unchanged at this point but the council will further explore the option of a recommendation for the program to become a subsidy-only program. This option will be explored further at the next meeting. The members also determined that a study of the current subsidy calculation should be completed at the next meeting to determine if any recommendations should be made for improvement in that area. Jill will make arrangements for the next meeting and send notification to members via email.